

Louisiana Property and Casualty  
Insurance Commission  
Louisiana Department of Insurance  
P.O. Box 94214  
Baton Rouge, LA 70804-9214  
www.ldi.state.la.us

Louisiana Property and Casualty  
Insurance Commission  
Monthly Report  
Online at [www.ldi.state.la.us](http://www.ldi.state.la.us)

Volume 4 - Issue 1 - January 2004

Can Insurance Be Boring? Ask South Carolina.

A recent article entitled, “Greatest Compliment Possible for South Carolina: It’s So Boring,”<sup>1</sup> discusses the automobile insurance market in that state. The boring condition has been brought about by allowing open competition in the market, thus keeping automobile insurance on a level plane. In just a few years, the auto insurance market in South Carolina has gone from a complete disaster to a marketplace that is, well, *boring*.

Insurers, consumers and regulators seem happy with the outcome. Consumers can now shop around for the best deals from numerous carriers, and the regulators are able to watch the process work as long as the insurers stay within an appropriate limit. Insurers are allowed to make rate changes within a flex band of 7 percent up or down without prior approval.

Since initiating the flex band system, or flexible rating, South Carolina has seen a steady decline in loss ratio in the personal auto market. In 2000, two years after the flex band system was introduced, the loss ratio was 77.7 percent. In 2001, South Carolina’s loss ratio was 69.5 percent, which was still better than the national average of 72.6 percent. In 2002, the personal auto loss ratio was 65.3 percent, which was better than the national average of 69.5 percent. Some insurers predict that the 2003 numbers will match or be better than those of 2002.

Reasonable costs have consumers very satisfied. In 2001, the average personal auto insurance expense in the state was \$617, well below the national average of \$718, according to the National Association of Insurance Commissioners. Expenses rose 0.8 percent in 2002, with only 6 states having less of an increase than South Carolina. The state’s average expenditures rose 15.4 percent for the decade that ended in 2001, as compared to the national average of 16.2 percent.

This glimpse into the success of the flex band system in South Carolina gives Louisiana the hope that we too will be entering into the “boring” insurance market soon.

Source 1: Auto Insurance Report. December 8, 2003.

Louisiana Property and Casualty Insurance Commission -Monthly Report

- ◆ *The Monthly Report* is the newsletter of the Louisiana Property and Casualty Insurance Commission, Louisiana Department of Insurance, 1702 N. 3rd Street, 3rd Floor, P.O. Box 94214, Baton Rouge, LA 70804-9214 225-342-7187 (PH) 225-342-6057 (FX)

◆ *The Monthly Report* may be reprinted with prior permission.
- LA Property & Casualty Insurance Commission Staff**

**Molly Quirk Kirby, Director**  
**Terrell Moss, Research Analyst**  
**Rana Johnson, Staff Support**
- ◆ The Louisiana Property and Casualty Insurance Commission was created by the enactment of R.S. 22:15 in the 2001Regular Session of the Louisiana Legislature to review and examine the availability and affordability of property and casualty insurance in the state of Louisiana. The commission will also undertake a comprehensive study and provide oversight and enforcement recommendations of the effectiveness of law enforcement and implementation of programs aimed at enforcement throughout the state of those laws and programs which affect property and casualty insurance rates.

This public document is published at a total cost of \$349.58. 292 copies of this public document were published in this first printing at a cost of \$12.50. The total cost of all printings of this document including reprints is \$349.58. This document was published by the Department of Insurance, P.O. Box 94214, Baton Rouge, LA 70804-9214, to provide information and analysis of property and casualty insurance under special exception by the Division of Administration. This material was printed in accordance with standards for printing by State Agencies established pursuant to R.S. 43:31.

# *Louisiana*

*We're Taking the Politics Out of Insurance*

## **Property & Casualty Insurance Summit**

*Hosted by*

## **Commissioner of Insurance**

### **J. Robert Wooley**

## **Discussion of Current Issues in the Louisiana Property & Casualty Market**

**Wednesday, January 14, 2004**

**1:30 p.m. - 4:30 p.m.**

**Poydras Hearing Room**

**LA Department of Insurance**

**Topics of discussion include:** Mold Exclusions, Terrorism Exclusions, Credit Scoring Bulletin, Innocent Co-Insured Issue, Steering (Companies and Collision Repair Facilities), Update on Louisiana Citizens Property Insurance Corporation, Omnibus Rate Reduction Legislation, 2004 Legislative Session, and Concerns/Questions with Flexible Rating

**For additional information: Please call Ms. Carolyn Grimes at 225 342-5203.**

### **Louisiana Property and Casualty Insurance Commission Members**

**Commissioner Robert Wooley**

**Jeff Albright**

**Col. Jim Champagne**

**Senator Donald R. Cravins**

**Senator Max Tatum Malone**

**H. Marcus Carter**

**Sheriff Greg Champagne**

**Representative Shirley Bowler**

**Representative Dan Morrish**

**Terry Lisotta**

**Kay Hodges**

**Richard Clements**

**Tom O'Neal**

**Theodore "Ted" Haik, Jr.**

**Aubrey T. Temple, Jr.**

**Dan Boudreaux**

**Lt. Col. John LeBlanc**

**Chad Brown**

**Earl Taylor**

## **Legislative Proposals for 2004 Regular Session**

In December, the Louisiana Property and Casualty Insurance Commission met to receive legislative proposals from their members. These proposals will be discussed and developed into recommendations to the Legislature.

Colonel James Champagne, Executive Director of the LA Highway Safety Commission, submitted the following proposals:

1. Repeat DWI Offender - loss of driver's license for one year (second conviction).
2. Open container - must apply to passengers.
3. Under 21 not allowed in bars - 147 youths between 15-20 killed in Louisiana traffic crashes. Forty-six percent of those youths were drinking. In Louisiana for 2002, 23 percent of all DWI arrests were for youths under 21.
4. Motorcycle helmet usage mandatory - deaths have more than doubled since repeal of law. Also, consider mandating training and education before giving a motorcycle endorsement.
5. Seat belt usage for all occupants- exclude those in child safety seats or those excused for medical reasons.
6. Cameras at red lights - high crash locations only.
7. Aggressive driving - definition.
8. Modification of Graduated Driver License law - forbid the use of cell phones by youths under 21.
9. Driver License Point System - funding is the issue.
10. No pretrial diversion for previously convicted DWI's.
11. Mandate physicians to notify Office of Motor Vehicles - whenever a patient is unable to meet the standards normally expected for a person to drive (mental or physical).
12. Vehicle sanctions for driving while under suspension.

Representative Shirley Bowler suggested the commission revisit some recommendations that did not make it through the legislative process last year. The recommendations included lowering the jury threshold, repealing the direct action statute and modifying the cancellation law.

Commissioner Wooley stated he would like to introduce an Omnibus Insurance Rate Reduction Bill, which combines insurance cost issues and safety issues.